

Sumit Gupta & Co.

Chartered Accountants

23, 11nd Floor, T-565,

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Independent Auditor's Report

To the Members of VARIETY ENTERTAINMENT PRIVATE LIMITED

Report on the Financial Statement

We have audited the accompanying Financial Statements of M/s VARIETY ENTERTAINMENT PRIVATE LIMITED ("the Company") which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information annexed.

Management's Responsibility for the Financial Statements

1. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

2. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



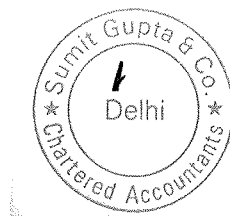
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.;
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

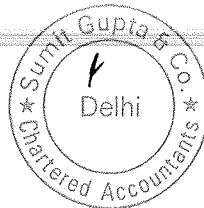
7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016;
 - b) In the case of statement of Profit & Loss, of the Profit for the year ended on that date; and
 - c) In the case of cash flow statement of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure I** a statement on the matters specified in paragraphs 3 and 4 of the Order.



9. Further to our comments in the Annexure referred to above, we report that:-
- a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Financial Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Financial Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, to the extent applicable.
 - e. On the basis of written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of provisions of section 164 of the Companies Act, 2013.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes of schedule 20 thereon give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.-:
 - i) In the case of the Financial Statement, of the state of affairs of the Company as at 31st March, 2016 and;
 - ii) In the case of the cash flow statement of the cash flows of the Company for the year ended on that date.
 - g. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 21th May, 2016 as per Annexure II expressed unqualified opinion; and



Sumit Gupta & Co.

Chartered Accountants

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- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. as detailed in financial statements, the Company has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company(if any)

For Sumit Gupta & Co.
Chartered Accountants

FRN: 022622N

Delhi

CA Sumit Gupta
(Partner)

Membership No 513086

Place- Delhi

Date- 21ST May, 2016

Annexure I to the Independent Auditor's Report of even date to the members of Variety Entertainment Private Limited, on the financial statements for the year ended 31-March-2016

Annexure-I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:-

- I. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company has not any immovable properties.
- II. The Company does not have any inventory. Accordingly, the provision of the clause 3(ii) of the Order are not applicable.
- III. The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act Accordingly, the provision of the clause 3(iii)(a), 3(iv)(b) and 3(iii)(c) of the Order are not applicable
- IV. In our opinion, the company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- V. The Company has not accepted deposits within the meaning of sections 73 to 76 the Act and the Companies (Acceptance of Deposits) Rule, 2014 (as amended). Accordingly the provision of clause 3(v) of the Order Are not applicable
- VI. To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable
- VII. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six month from the date they become payable.
- (b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute



Annexure I to the Independent Auditor's Report of even date to the members of Variety Entertainment Private Limited, on the financial statements for the year ended 31-March-2016

- VIII. The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable
- IX. The Company did not raised moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loan outstanding during the year Accordingly, the provision of clause 3(ix) of the Order are not applicable.
- X. No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit
- XI. In our opinion, the provisions of section 197 of the Act read with Schedule V to the Act is not applicable to the Company as the Company does not pay any remuneration to its directors. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.
- XII. In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- XIII. In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standard.
- XIV. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
- XV. The Company has issue Optional Convertible Debenture to Siti Cable Network Limited(Holding Company) for operational expenses.
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934

For **Sumit Gupta & Co.**
Chartered Accountants

FRN. 022622(V)

4 Delhi

CA Sumit Gupta
(Partner)

Membership No 513086

Place- Delhi

Date- 21st May, 2016

Annexure II to the Independent Auditor's Report of even date to the members of VARIETY ENTERTAINMENT PRIVATE LIMITED on the financial statements for the year ended 31 March 2016

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the financial statements of **VARIETY ENTERTAINMENT PRIVATE LIMITED**(the 'Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing ("Standards"), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.



Annexure II to the Independent Auditor's Report of even date to the members of VARIETY ENTERTAINMENT PRIVATE LIMITED on the financial statements for the year ended 31 March 2016

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

For Sumit Gupta & Co.

Chartered Accountants

Firm Regn. No. 002622N

Delhi

CA Sumit Gupta

(Partner)

Membership No 513086

Place- Delhi

Date- 21st may 2016

VARIETY ENTERTAINMENT PRIVATE LIMITED

Balance Sheet as at March 31, 2016

CIN NO. U92132TG1998PTC029754

	Notes	Mar 31, 2016 ₹	Mar 31, 2015 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	100,000.00	100,000.00
Reserves and Surplus	2	(20,777,548.95)	(17,278,214.00)
		<u>(20,677,548.95)</u>	<u>(17,178,214.00)</u>
Non-current liabilities			
Long-term borrowings	3	234,000,000.00	
Other non-current liabilities	4	2,006,312.00	42,815,771.00
Long-term provisions	5		499,731.00
Deferred Tax Liability		1,078,417.66	
		<u>237,084,729.66</u>	<u>43,315,502.00</u>
Current liabilities			
Short-term borrowings			
Trade payables	6	358,408,969.00	4,361,921.00
Other current liabilities	7	5,996,131.85	245,566.00
Short-term provisions	8	708,042.37	9,560.00
		<u>365,113,143.22</u>	<u>4,617,047.00</u>
Total		<u>581,520,323.93</u>	<u>30,754,335.00</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	1,609,526.67	5,839,837.00
Intangible assets			
Capital work-in-progress			
Non-current investments			
Long-term loans and advances			
Other non-current assets			
		<u>1,609,526.67</u>	<u>5,839,837.00</u>
Current assets			
Current investments			
Inventories			
Trade receivables	10	212,331,308.00	3,327,348.00
Cash and bank balances	11	741,718.26	8,867,716.00
Short-term loans and advances	12	13,916,347.00	804,791.00
Other current assets	13	352,921,424.00	11,914,643.00
		<u>579,910,797.26</u>	<u>24,914,498.00</u>
Total		<u>581,520,323.93</u>	<u>30,754,335.00</u>

Significant Accounting Policies and Notes on Accounts -As per Note"20"

As per our attached report of even date

For Sumit Gupta & Co.

Firm Registration No:- 022622N

Chartered Accountants

Delhi

CA Sumit Gupta

Partner

M.NO:- 513086

Place:- Delhi

Date:- 21st May 2016

For and on behalf of the Board of Directors of

VARIETY Entertainment Private Limited



(Suresh Kumar)
Director



(Anil Kumar Jain)
Director

VARIETY ENTERTAINMENT PRIVATE LIMITED

Statement of Profit and Loss for the year ended March 31, 2016

CIN NO. U92132TG1998PTC029754

	Notes	Mar 31, 2016 ₹	Mar 31, 2015 ₹
Revenue			
Revenue from operations	14	194,043,147.00	10,597,140.00
Other income	15	874,570.00	871,360.00
Total revenue		194,917,717.00	11,468,500.00
Expenses			
Cost of materials consumed			
Purchase of Services	16	7,072,221.00	6,277,130.00
Carriage sharing, pay channel and related costs			
Employee benefit expenses	17	1,881,687.00	2,026,587.00
Finance costs	18	7,072.87	6,950.00
Depreciation and amortisation expenses	9	510,131.15	1,395,328.00
Other expenses	19	183,155,205.73	1,390,715.00
Total expenses		192,626,317.75	11,096,710.00
Profit/ Loss Before Tax		2,291,399.25	371,790.00
Tax Expense :		1,786,460.03	-
(i) Current Tax {(Income taxes for earlier years written off)}	-	708,042.37	
(ii) Deferred Tax	-	1,078,417.66	
Profit/ Loss After Tax		504,939.22	371,790.00
Basic		504.94	371.79
Diluted		504.94	371.79

Significant Accounting Policies and Notes on Accounts -As per Note"20"

As per our attached report of even date

For Sumit Gupta & Co.

Firm Registration No:- 022622N

Chartered Accountants

Delhi
CA Sumit Gupta
Partner
M.NO:- 513086

Place:- Delhi

Date:- 21st May 2016

For and on behalf of the Board of Directors of

VARIETY Entertainment Private Limited

(Suresh Kumar)
Director

Anil/Jain
Director

1 Share capital

	Mar 31, 2016	Mar 31, 2015
	₹	₹
Authorised share capital		
1,00,000 (Previous year: 1,00,000) equity shares of ₹ 100 each	10,000,000.00	10,000,000.00
Total authorised capital	10,000,000.00	10,000,000.00
Issued share capital		
1,000 (Previous year: 1,000) equity shares of ₹ 100 each	100,000.00	100,000.00
Total issued capital	100,000.00	100,000.00
Subscribed and fully paid up capital		
1,000 (Previous year: 1,000) equity shares of ₹ 100 each	100,000.00	100,000.00
Total paid up capital	100,000.00	100,000.00
Forfeited shares	100,000.00	100,000.00

- a. The company has only one class of equity shares having a par value of Rs.100/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board Of Directors if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the company

Equity Shares of '100/- each fully paid	31.03.2016		31.03.2015	
	Nos.	% in the class	Nos.	% in the class
A. RAMAMOJANA RAO			500.00	50.00
K. BAPINEDU CHOWDHURY			500.00	50.00
SII CABLE NETWORK LIMITED	1,000.00	100.00		



2 Reserves and surplus

Surplus in the Statement of profit and loss

Balance at the beginning of the year

Change in Depreciation due to Change in Policy

Net Loss transferred from Statement of Profit & Loss

Balance at the end of the year

Mar 31, 2016	Mar 31, 2015
₹	₹
(17,278,214.00)	(17,650,004.00)
(4,004,274.18)	
504,939.22	371,790.00
(20,777,548.95)	(17,278,214.00)

3 Long Term Borrowings

(a) Bonds/ Debenture

0.01% OCD

234,000,000 no of OCD of Re 1/- each

Terms & Conditions:

The term of OCD shall be 20 years from the date of issue or option exercised Debenture Holders, whichever is earlier.

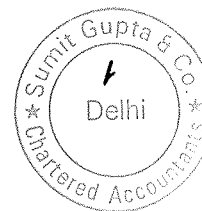
- The Debenture holder have an option either to redeem or to convert the one OCD into Equity shares of such no. within a period of 20 Years.

Each OCD shall be converted into such number of equity shares/preference shares of the face value of Rs.10 each calculated at fair market value as on the date of issue of OCDs.

The OCDs issued are Unsecured Debentures and are non marketable.

The OCDs would carry an interest @0.01% p.a. Which shall be cumulative and payable only at the time of conversion and/or redemption.

Mar 31,2016	Mar 31,2015
₹	₹
234,000,000.00	
Total	234,000,000.00



VARIETY ENTERTAINMENT PRIVATE LIMITED
 Summary of significant accounting policies and other explanatory information for the year ended Mar 31, 2016

4 Other Long Term liabilities

Node Deposits
 Security Deposits
 Inter Corporate Deposit

Total

Mar 31,2016	Mar 31,2015
₹	₹
2,006,312.00	2,006,312.00
	40,809,459.00
2,006,312.00	42,815,771.00

5 Long Term Provisions

Provision For Employee Benefit
 Provision For Gratuity
 Provisions For EL Encashment

Total

Mar 31,2016	Mar 31,2015
₹	₹
-	403,897.00
-	95,834.00
-	499,731.00
-	999,462.00

6 Trade Payable

Dues to Micro & Small Enterprises
 Dues to Other than Micro & Small Enterprises

Total

Mar 31,2016	Mar 31,2015
₹	₹
358,408,969.00	4,361,921.00
358,408,969.00	4,361,921.00

The Company had requested its vendors to confirm their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME:ED). Based on confirmations received, there are no amounts due to any micro or small enterprise under the MSME:ED Act, 2006.

7 Other Current Liabilities

Professional Tax payable
 Service tax Liabilities
 Entertainment Tax Liability
 TDS Payable
 Salaries Payable
 Rent Payable
 Other Liability
 Liability for Expenses
 Audit Fees payable
 Bonus Payable
 Legal & Professional Fee Payable
 Advances From Customers
 Tour Advance

Total

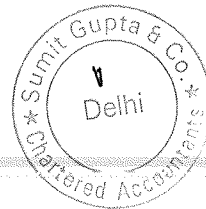
Mar 31,2016	Mar 31,2015
₹	₹
1,900.00	325.00
1,211,309.34	
282,337.51	149,964.00
3,630,476.00	59,380.00
132,650.00	
6,000.00	
350,989.00	
121,473.00	
90,000.00	15,000.00
2,334.00	20,897.00
100,000.00	
13,670.00	
52,993.00	
5,996,131.85	245,566.00

8 Short Term Provision

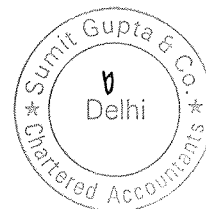
Provision For Employee Benefits
 Provision for Gratuity
 Provision For EL Encashment
 Provision For Income Tax

Total

Mar 31, 2016	Mar 31, 2015
₹	₹
-	7,604.00
-	1,956.00
708,042.37	
708,042.37	9,560.00



10 Trade receivables	Mar 31, 2016 ₹	Mar 31, 2015 ₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured Considered Good		
Dues for more than six months	7,115,483.00	2,863,569.00
Dues for less than six months	206,550,000.00	1,797,954.00
	213,665,483.00	4,661,523.00
Less: Provision for doubtful debts	1,334,175.00	1,334,175.00
	212,331,308.00	3,327,348.00
Other receivables		
Unsecured, considered good		
Total	212,331,308.00	3,327,348.00
11 Cash and bank balances	Mar 31, 2016 ₹	Mar 31, 2015 ₹
Cash on hand	14.00	67,714.00
Balances with banks:		
On current accounts	741,704.26	800,002.00
Fixed Deposit	-	8,000,000.00
Total	741,718.26	8,867,716.00
12 Short Term Loans & Advances	Mar 31, 2016 ₹	Mar 31, 2015 ₹
(Unsecured & Considered Good) (Recoverable Cash Or Kind)		
Other Deposits	26,500.00	17,500.00
CENVAT		36,305.00
TDS Recievables	3,889,847.00	163,333.00
Other Advances	10,000,000.00	206,905.00
Interest Recievable		380,748.00
Total	13,916,347.00	804,791.00
13 Other Current Assets	Mar 31, 2016 ₹	Mar 31, 2015 ₹
Prepaid Expenses	17,534.00	26,539.00
Advance Received from Customers	78,721.00	
Other receivables	352,825,169.00	11,888,104.00
Total	352,921,424.00	11,914,643.00



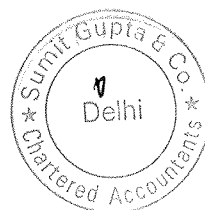
VARIETY ENTERTAINMENT PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended Mar 31, 2016

14 Revenue from operations	Mar 31, 2016	Mar 31, 2015
	₹	₹
Other Operating Income	183,600,000.00	-
Subscription income	10,443,147.00	10,597,140.00
Total	194,043,147.00	10,597,140.00

15 Other income	Mar 31, 2016	Mar 31, 2015
	₹	₹
Interest on Bank deposits	561,985.00	643,562.00
Insurance Claim Received	291,038.00	-
Installation Charges	18,247.00	-
Misc. Receipts	3,300.00	227,798.00
Total	874,570.00	871,360.00

16 Purchase of Services	Mar 31, 2016	Mar 31, 2015
	₹	₹
Subscription Charges	7,072,221.00	6,268,064.00
Internet Bandwidth Charges	-	9,066.00
Total	7,072,221.00	6,277,130.00



VARIETY ENTERTAINMENT PRIVATE LIMITED

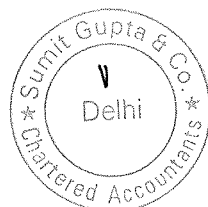
Summary of significant accounting policies and other explanatory information for the year ended Mar 31, 2016

17 Employee benefit expenses	Mar 31, 2016	Mar 31, 2015
	₹	₹
Salaries, wages and bonus	1,772,868.00	1,826,123.00
Staff welfare expenses	21,463.00	32,593.00
Bonus		20,312.00
EL	-	55,159.00
Gratuity	87,356.00	92,400.00
	1,881,687.00	2,026,587.00

18 Financial Cost	Mar 31, 2016	Mar 31, 2015
	₹	₹
Bank Charges	5,657.87	6,950.00
Interest Paid (SI)	1,415.00	-
	7,072.87	6,950.00

19 Depreciation and amortisation expenses	Mar 31, 2016	Mar 31, 2015
	₹	₹
Depreciation of tangible assets	510,131.15	1,395,328.00
	510,131.15	1,395,328.00

20 Other expenses	Mar 31, 2016	Mar 31, 2015
	₹	₹
Rent	147,000.00	187,967.00
Entertainment Expenses	11,642.00	-
Lodging & Boarding Expenses	18,923.00	9,267.00
Poles & Cable Expenses	148,320.00	57,633.00
Repairs and maintenance	-	-
- Air Conditioners	12,650.00	-
- Cables	32,324.00	-
- Electrical	55,985.00	-
- Machinery	-	350.00
- Others	46,083.00	36,771.00
Payment To Auditors	-	-
As Auditor	75,000.00	10,000.00
For Tax Audit	15,000.00	5,000.00
Electricity and water charges	144,544.00	14,791.00
Legal, professional and consultancy charges	235,815.00	14,000.00
Printing and stationery	6,909.00	5,650.00
Other Administrative Expenses	88,731.00	146,718.00
Travelling and conveyance expenses	171,237.00	22,065.00
Licence Fee	-	100,000.00
Telephone Expenses	5,343.00	-
Internet	8,100.00	-
Vehicle Hire Charges	209,983.00	189,999.00
Equipment Hire Charges	2,500.00	-
Office Maintenance	41,652.00	-
Insurance expenses	91,881.00	94,927.00
Postage & Telegram	2,637.00	2,461.00
General Expenses	89,650.00	40,772.00
Transport Charges	3,300.00	-
Mobile Allowances	5,751.00	-
Round Off	0.73	-
Rates & Taxes	5,600.00	500.00
Provision For Bad debts	-	446,436.00
Debit Balance Written Off	578,645.00	5,408.00
Other Operating Expenses	180,900,000.00	-
	183,155,205.73	1,390,715.00

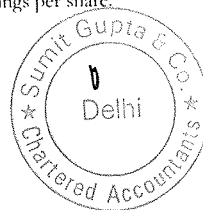


VARIETY ENTERTAINMENT PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended Mar 31, 2016

Earnings per share	Mar 31, 2016	Mar 31, 2015
	₹	₹
Profit attributable to equity shareholders	504,939.22	371,790.00
Number of weighted average equity shares		
Basic	1,000.00	1,000.00
Diluted	1,000.00	1,000.00
Nominal value of per equity share (₹)	10.00	10.00
Loss per share after exceptional item and after tax (₹)		
Basic	504.94	371.79
Diluted	504.94	371.79

Effect of potential equity shares being anti-dilutive has not been considered while calculating diluted earnings per share.



Variety Entertainment Private Limited
CIN No. U92132TG1998PTC029754

NOTE:-20

Significant Accounting Policies and Notes to Accounts:

1. Background

Variety Entertainment Private Limited (hereinafter referred to as 'the Company') was incorporated in the state of Hyderabad on 14th July, 1998.

The Company is a 100% subsidiary of Siti Cable Network Limited w.e.f. 29th January, 2106.

The Company has entered into an agreement with M/s Siti Cable Network Limited(SCNL) dated 31st March 2016 for factoring the debtors of the holding company i.e. purchase of debtors of ₹44,10,31,461/- at a value of ₹ 35,28,25,169/-

2. Basis of Preparation

The financial statements have been prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The accounting policies have been consistently applied by the Company.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of business and the time between the acquisition of assets and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4. Fixed Assets:

Tangible

Tangible Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price and any allied cost such as Freight, Commissioning cost, Custom



etc., including interest, attributable to bringing the asset to its working condition for its intended use.

Intangible Assets and Amortization

- a) Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" as specified in the Companies (Accounting Standards) Rule, 2006 and are amortized as follows:
- a. Preliminary Expenses are written off in terms of AS-26.
 - b. Goodwill on acquisition if any is amortized using the straight-line method over a period of five years.

5. Depreciation:

Depreciation/ amortization on fixed assets is provided on pro rata basis to the period of use based on straight line method at rates specified in Schedule-II to the Companies Act 2013 except in case of intangible assets and leasehold improvements. In view of the management such rates represents the useful life of such assets. Further as part of management policy the residual value of assets is assuming to be 5% of the cost of the asset.

Particular	Life (in years)
Furniture & Fixtures	10
Plant & Machinery	8
Electrical Equipment	8

6. Revenue Recognition

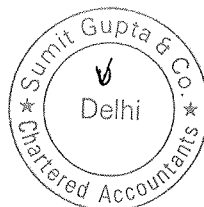
Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Income from Services

- Subscription revenue recognized on completion of services and other Services revenue are recognized on acceptance of invoice by party.
- Activation fees on Set up Boxes (STB) is recognized as revenue on material movement transfer.
- Carriage fees are recognized on accrual basis over the terms of related agreements.
- Advertisement revenue is recognized when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognized on periodic basis.

7. Provisions and Contingent Liabilities:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if:-



- a. The company has a present obligation as a result of a past event,
- b. A probable outflow of resources is expected to settle the obligation and
- c. The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b. A possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, not disclosed

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

8. **Cash & Cash Equivalents**

Cash & Cash equivalents are comprises of cash at bank and cash in hand, cheques in hand and short term investments with an original maturity of three months or less.

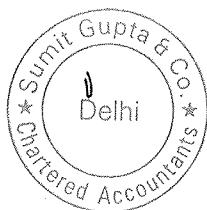
9. **Income Tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists- set off current tax assets against current tax liabilities and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Further, ₹10,78,417.66 is the Deferred Tax Liability during the period under audit.



10. Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a. The provision for impairment loss, if any required; or
- b. The reversal, if any, required of impairment loss recognized in previous period.

Impairment loss is recognized when the carrying amount of assets exceeds its recoverable amount.

Recoverable amount is determined:

- i) In the case of individual assets, at the higher of the net selling price and the value in use;
- ii) In the cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's net selling price and the value in use;

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset from its disposal at the end of its useful life)

11. Change in Accounting Estimates

The Company has done a review of its fixed asset lives. The Company has determined that as a result of actions taken to increase its preventative maintenance, technological up gradation and as per certification received from Set Top Box manufacturers, actual lives for set top boxes deployed for digitalization (i.e. with effect from 1st April'2012) was generally longer (8 years) than the useful lives (5 years) for depreciation purposes. Therefore, the Company extended the estimated useful lives of such new set top boxes, which has been deployed on or after 1st April'2012, from 5 years to 8 years. Set Top Boxes deployed prior to 1st April'2012 are still depreciated over a period of 5 years.

Further during the period under audit depreciation has been charged as per Schedule II to the Companies Act, 2013 except Sep up Boxes which are depreciated over the useful life of 8 (eight) years.

12. Earning Per Share

In accordance with AS-20 "Earning Per Share" as notified by the Companies (Accounting Standards) Rules, 2006, (as amended) basis earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the number of shares outstanding during the year and diluted earning per share is to be calculated and both EPS (Basic & Diluted) should be shown on face of Statement Of Profit & Loss.



Variety Entertainment Private Limited
CIN No. U92132TG1998PTC029754

13. Provisions

A Provision is recognized when the company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the income statement net of any reimbursement. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current best estimates.

14. There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium enterprises Development Act, 2006.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

15. Auditor's Remuneration: (excluding Service Tax)

Amount in ₹

Particulars	As At March 31,2016	As At March 31,2015
Statutory Audit Fees	75,000	10,000
Tax Audit Fees	15,000	5,000
TOTAL	90,000	15,000

16. Disclosure of Related Parties / Related Party Transactions.

List of Related Parties

Name of the Related Party	Relationship
Siti Cable Network Limited	Holding Company
Siti Siri Digital Network Private limited	Subsidiary of Holding Company



Variety Entertainment Private Limited
CIN No. U92132TG1998PTC029754

Key Management Personnel :

S. No.	Name of Director	Designation
1	Suresh Kumar	Director
2	Anil Kumar Jain	Director

A. Transactions with related parties:

(Figures in ₹)

S. No	Nature of transaction	Amount of Transaction	Amount Due	Amount Due
			To	From
1	Siti Cable Network Limited			
	Operational Expenses	4,50,00,000/-		
	Intercompany Deposit	2,53,09,459/-		
	Advance to Voice Snap	1,00,00,000/-		
	Rates & Taxes	600/-		
	Purchase of Debtor	35,28,25,169/-	35,28,25,769/-	
	0.01% Optional Convertible Debenture	23,40,00,000/-	23,40,00,000/- (Payable for Debenture Issued)	
2	Siti Siri Digital Network Pvt. Ltd.			
	Management Income	18,36,00,000/-		20,65,50,000/-

17. In the opinion of the management, there is no impairment of assets requiring provisions in accordance with AS-28 relating to Impairment of Assets.

18. Balances of Debtors/Creditors are subject to confirmation.



Variety Entertainment Private Limited
CIN No. U92132TG1998PTC029754

19. Earnings Per Share is calculated as under:

The basic earning per share is calculated according to the number of shares during the period for financial statement i.e. from 31st March'2016.

Particulars	31 st March'2016	31 st March 2015
Net Profit / (Loss) as disclosed in Profit and Loss Account	5,04,939.22	371,790
Number of Equity Shares	10,000	10000
Nominal Value of Shares (Rupees)	10.00	10
Basic Earnings per share (Rupees)	504.94	371.79
Diluted Earnings per share (Rupees)	504.94	371.79

For Sumit Gupta & Co.

Chartered Accountants

Firm Regn. No. 082622N

Delhi

CA Sumit Gupta

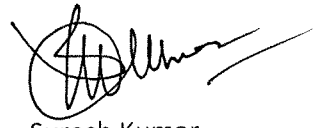
(Partner)

Membership No. 513086

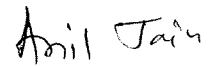
Place- Delhi

Date- 21st May, 2016

For Variety Entertainment Private Limited



Suresh Kumar
(Director)



Anil Kumar Jain
(Director)